AIR TOUCH
PRIORITY

CONFIDENTIAL
(Security Classification)

DO NOT TYPE IN THIS SPACE
773.5-MSP/5-856

235
R

# FOREIGN SERVICE DESPATCH

384
DESP. NO.

FROM : American Embassy, Tripoli

TO : THE DEPARTMENT OF STATE, WASHINGTON.

May 8, 1956
DATE

REF : Embtel 610, April 27, 1956; Embdesp 348, April 10, 1956

| For Dept. Use Only | ACTION | DEPT. |
|---|---|---|
| | RECD 5/11 | INFO OTHER: RM/R-2 ofc 6 E-5 ICA-10 4/MSA-1 Rep-6 Cin-6 OSD-4 TR-3 Army-4 Navy-3 Air-3 |

SUBJECT: Change in Membership of the Libyan-American Reconstruction Commission

JOINT EMBASSY-USOM/L MESSAGE

By a recent decision of the Libyan Council of Ministers, the Cabinet Ministers who had been members of LARC (Ali Sahli, Minister of Finance, and Salem el Qadi, Minister of National Economy) were removed from the Commission and replaced by Abdel Razzak Shaglouf, Permanent Under Secretary of Finance, and Ahmad Khalil al-Rais, Director-General of Communications (Enclosure No. 1). The reasons unofficially advanced for these changes are: (1) that Cabinet Ministers could not give sufficient time to LARC to make their presence on the Commission worth while; and (2) that in the new Ben Halim Cabinet, Ali Sahli was transferred from the Ministry of Finance to Justice and Salem el Qadi from the Ministry of National Economy to Communications. The new Ministers of Finance and National Economy are unacquainted with LARC's responsibilities and procedures.

These reasons appear somewhat specious. Cabinet Ministers surely have as much time to devote to LARC as has an overloaded Libyan civil servant. LARC membership is conferred by specific appointment rather than ex officio, and Sahli and Qadi could have remained on LARC in spite of their changes of Ministry, if the Prime Minister had wanted to keep them there. The new Ministers of Finance and National Economy appear so far to be perfectly capable of learning their roles as LARC members without causing any more delay and confusion than Qadi caused at every meeting.

The other and more important reasons for the change are obscure, but probably include: (1) some dissatisfaction on the part of the Prime Minister and his closest advisers with the two Ministers concerned - with Sahli because of his sometimes inconvenient integrity and forthrightness, his dislike of the political approach to economic development, and his outspokenness, and with Qadi because of his usually well-meant but often blockheaded and always time-consuming activities as a Commission member; and (2) the Prime Minister's desire to remove even the modest amount of opposition to his own plans for LARC that might be offered by a Cabinet Minister.

The two substitutes, Shaglouf and Rais, will undoubtedly offer no such opposition. Shaglouf is reasonably competent in routine matters, but does only what he is told. He is at present much closer to the Prime Minister than he was

FKhaldy/lva
LMC
REPORTER

CONFIDENTIAL

ACTION COPY - DEPARTMENT OF STATE

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

This Document Must Be Returned to RM/R Central Files

MESSAGE CENTER
MAY 8 PM 3 22

773.5-MSP/5-856

CLASSIFIED BY J.M. Raz
EXEMPTION (S)
FOR DECLASSIFICATION DATE
REVIEW (S)
CLASSIFY AS CONFIDENTIAL
INCREASE DENTIAL
FA or FOI EXEMPTIONS

May 6, 1983

CONFIDENTIAL
(Classification)

DECLASSIFIED

under Sahli. (The new Minister of Finance [illegible]il Ben al-Amin) has so far apparently been permitted to do very little [illegible] twiddle his thumbs. He welcomes visitors eagerly.) The other new member, [illegible], is one of those "Libyans" who have spent most of their lives in Egypt. However, he is reported to be repatriating himself and family permanently, and is not, as previously believed, on loan from the Egyptian Government. He is not expected to deviate from any path pointed out to him by the Prime Minister, who was undoubtedly instrumental in his nomination to the posts of Director-General of Communications and member of LAAC.

The Embassy/USOM have as yet no reason to believe that this change is not for the better. Although it was very useful in many cases to have the capable Sahli as Chairman, his principal usefulness may be said to have been as a counterweight to Qadi, who was responsible for innumerable instances of confusion, cross purposes, false starts, and baseless objections which only another Cabinet Minister like Sahli could straighten out. It is probable that it was worth losing Sahli to get rid of Qadi. While Sahli was also useful in persuading the Council of Ministers to be sensible about certain projects, the necessity for his services in this respect seems to have lessened. As demonstrated by the Council's action in the case of the radio broadcasting station (WAEKA No. 14 of April 7, 1956 and Despatch 383 of May 7, 1956), the technique of throwing at LAAC's head a project already fully planned in detail and demanding approval without further investigation seems to have been abandoned.

Since the chairmanship of LAAC was also changed by the new appointments, the Embassy/USOM transmits as Enclosure No. 2 the original of a letter from the Prime Minister authorizing Shaglouf to issue instructions on the custody and disposition of LAAC funds in the U. S. Treasury account and enclosing attested specimen signatures. The Embassy has also attested the primary signatures on these documents, and has copied them in reproducible form as Enclosure No. 3 for the Department's records.

Enclosure No. 4 is the original of a letter from Shaglouf, as Chairman of LAAC, requesting transfer of the remaining $3,000,000, plus accrued interest, which is now being held in U. S. Government 90-day bills in LAAC's U. S. Treasury account. The Department was advised of this request in Embtel 610 of April 27, 1956. Enclosure No. 5 is a copy in reproducible form of Enclosure No. 4. Justification for the transfer of funds was provided in Despatch 348 of April 10, 1956.

For the Ambassador:

Frederic K. Lundy
Second Secretary of Embassy

cc: Benghazi
USOM/L
(Cleared in draft with M.J.Gordon)

CONFIDENTIAL

DECLASSIFIED

UNCLASSIFIED
(Classification)

Page 1 of
Encl. No. 1
Desp. No. 384
From Tripoli

DECLASSIFIED

UNITED KINGDOM OF LIBYA
MINISTRY OF FINANCE

FF/62

4th April 1956

Executive Director
L.A.h.C.
Tripoli.

Sir,

I have to inform you that the Council of Ministers has appointed Essayed A. M. Shaglouf, Permanent Under Secretary, Ministry of Finance and Essayed A. Bais, Director General, Ministry of Communications, as Members of the Libyan-American Reconstruction Commission, to replace Essayed Ali Sahli, now Minister of Justice and Essayed Salem el Gadi, now Minister of Communications.

Yours faithfully,

signed A. Shaglouf

(A. M. Shaglouf)
Permanent Under Secretary

cc: Office of the Prime Minister
cc: Director General, Ministry of Communications.

UNCLASSIFIED

DECLASSIFIED

UNCLASSIFIED
(Classification)

DECLASSIFIED

United Kingdom of Libya )
City of Tripoli )
Embassy of the United ) ss:
States of America )

I, Frederic K. Lundy, Jr., Consul of the United States of America at Tripoli, Libya, duly commissioned and qualified, do hereby certify that Mustapha Ben Halim, whose true signature is subscribed to the annexed documents, was, on the 21st day of April, 1956, the date thereof, Prime Minister and Minister of Foreign Affairs of the Government of the United Kingdom of Libya, to whose official acts full faith and credit are due.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Embassy of the United States of America at Tripoli, Libya, this ninth day of May, 1956.

Frederic K. Lundy, Jr.
Consul of the United States of America

Service No. 851

Tariff Item 38

No Fee

UNCLASSIFIED

DECLASSIFIED

UNCLASSIFIED
(Classification)

DECLASSIFIED

UNITED KINGDOM OF LIBYA

OFFICE OF THE PRIME MINISTER

FF/62

21st April, 1956.

I CERTIFY that the following are signatures of Essayed Abdel Razzak Shaglouf, Permanent Under Secretary, Ministry of Finance, Government of the United Kingdom of Libya.

/S/ Ben Halim

(MUSTAPHA BEN HALIM)
Prime Minister and Minister of
Foreign Affairs of the Government
of the United Kingdom of Libya

/S/ A. Shaglouf (Abdel Razzak Shaglouf)

/S/ A. Shaglouf (Abdel Razzak Shaglouf)

/S/ A. Shaglouf (Abdel Razzak Shaglouf)

UNCLASSIFIED

DECLASSIFIED

UNCLASSIFIED
(Classification)

DECLASSIFIED

UNITED KINGDOM OF LIBYA
OFFICE OF THE PRIME MINISTER

FF/62

21st April, 1956.

Excellency,

I have the honor to refer to my letter of 15th May, 1955, in which I informed Your Excellency that Esseyed Ali Sahli, Minister of Finance, had been vested with the authority to operate the Libyan-American Reconstruction Commission Account with the United States Treasury. I now wish to inform Your Excellency that Essayed Abdel Razzak Shaglouf, Permanent Under Secretary, Ministry of Finance, has been appointed chairman of the Libyan-American Reconstruction Commission and that the authority with regard to the Libyan American Reconstruction Commission previously vested in Essayed Ali Sahli is now vested in Essayed Abdel Razzak Shaglouf.

I attach hereto three authenticated specimens of Essayed Abdel Razzak Shaglouf's signature.

Accept, Excellency, the renewed assurances of my highest consideration.

/S/ Ben Halim

(MUSTAPHA BEN HALIM)
Prime Minister and Minister of
Foreign Affairs of the Government
of the United Kingdom of Libya

The Honourable John L. Tappin,
Ambassador of the United States
of America in Libya,
Tripoli.

UNCLASSIFIED

DECLASSIFIED

UNCLASSIFIED
(Classification)

DECLASSIFIED

LIBYAN-AMERICAN RECONSTRUCTION COMMISSION

P. O. Box 687, Tripoli, Libya

7 May, 1956

The Honourable John L. Tappin,
Ambassador of the United States of America in Libya,
Tripoli.

Excellency,

This is to request that Three Million Dollars ($3,000,000) plus accrued interest now held in the U. S. Government obligations by the Treasury Department of the United States in the account of the Libyan-American Reconstruction Commission be transferred in cash to a U. S. Dollar Account held for L.A.R.C. in the Guaranty Trust Company of New York. In this connection your attention is drawn to the second paragraph of Essayed Ali Sahli's letter to you dated January 15, 1956 concerning a similar request for transfer of $5,000,000.

It is requested that the check in the appropriate amount be made out to "The National Bank of Libya for Account of L.A.R.C.". The check should be sent directly to:-

The Guaranty Trust Company of New York
Foreign Department
140 Broadway
New York 15, New York.

It will be appreciated if you will transmit this request to the Treasury Department of the United States for early action.

Yours truly,

/S/ A. Shaglouf
A. M. Shaglouf
Chairman
Libyan-American Reconstruction Commission

UNCLASSIFIED

DECLASSIFIED